

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-07 SP-02 USIA-06 AID-05 NSC-05
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FM SECSTATE WASHDC
TO AMEMBASSY GEORGETOWN

C O N F I D E N T I A L STATE 308715

E.O. 11652: GDS

TAGS: EINV, GY

SUBJECT: POSSIBLE NATIONALIZATION OF FOREIGN BANKS

REF: (A) GEORGETOWN, 2346; (B) STATE 281210;
(C) A-10523, DECEMBER 28, 1973

1. USG AGENCIES APPRECIATE EMBASSY REPORTING ON POSSIBILITY OF GOG EXTENDING SOME FORM OF LOCAL CONTROL OVER FOREIGN BANKS. DECISION ON ANY SPECIFIC ACTIONS WE MAY WANT TO TAKE WILL BE HEAVILY INFLUENCED, OF COURSE, BY YOUR READING OF THE SITUATION AS IT EVOLVES. IN GENERAL, WE CONSIDER THE TAKEOVER OF FOREIGN INVESTMENTS TO BE AN UNWISE USE OF HOST COUNTRY RESOURCES BUT ACKNOWLEDGE THE SOVEREIGN RIGHT OF HOST GOVERNMENTS TO DO SO PROVIDED THAT PROMPT, ADEQUATE, AND EFFECTIVE COMPENSATION IS PAID.
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REFERENCES B AND C SPELL OUT CURRENT USG EXPROPRIATION POLICY IN SOME DETAIL. IN ADDITION A RECENT INR STUDY ON BANK TAKEOVERS, WHICH MAY PROVIDE USEFUL BACKGROUND INFORMATION, IS BEING POUCHED.

2. IT IS SOMETIMES FRUITFUL TO DISCUSS PROPOSED LEGIS-

LATION AFFECTING US FIRMS WITH HOST GOVERNMENTS AT EARLY STAGES TO HEAD OFF UNDESIRABLE PROVISIONS AND AMELIORATE THE IMPACT ON U.S. FIRMS INVOLVED. WE WOULD APPRECIATE YOUR ASSESSMENT OF WHETHER ACTION OF THIS KIND WOULD BE USEFUL, WHEN YOU HAVE FURTHER INFORMATION AS TO WHAT THE GOG INTENDS TO DO. POST MAY WISH TO CONTACT OTHER FOREIGN BANKS RESIDENT IN GUYANA TO OBTAIN THEIR READING OF THE PRIME MINISTER'S STATEMENT.
KISSINGER

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